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DOCKET FILE COPY ORIGINAL

March 5, 1996



William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

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Re: Ex Parte Presentation in MM Docket No. 87-268

Dear Mr. Caton:

Pursuant to Section 1.1206 of the Commission's rules, this is to advise you that on February 26, 1996, Richard Cotton, Executive Vice President and General Counsel, NBC, and Ellen S. Agress, Vice President, Legal Policy and Planning, NBC discussed some of the issues raised in the above-referenced docket with Commissioner Susan Ness and David Sidall.

The presentations reiterated arguments contained in NBC's previous filings in this proceeding.

The enclosed materials prepared by the British government relating to the transition to digital television in the United Kingdom were furnished to Commissioner Ness.

cc: Commissioner Susan Ness
David Sidall

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DIGITAL TERRESTRIAL BROADCASTING

The Government's Proposals

Presented to Parliament by the
Secretary of State for National Heritage
by Command of Her Majesty, August 1995

Summary

1. Digital broadcasting could mean many more television channels and radio stations. For many people, it will provide their first experience of the full potential of the information superhighways. It will provide significant opportunities for the British manufacturing and programme production industries. In the longer term it may be possible to switch off analogue transmissions of terrestrial broadcast services, releasing significant amounts of valuable spectrum for further broadcasting or other use.

2. The introduction of digital terrestrial broadcasting requires a new legislative framework for allocating use of the spectrum and for licensing and regulating transmission and broadcasting. In drawing up its proposals for that framework, the Government is seeking to:

- ensure that viewers and listeners are able to choose from a wide variety of terrestrial television channels and national and local radio stations;
- give existing national broadcasters the opportunity to develop digital services and so safeguard public service broadcasting into the digital age;
- give terrestrial broadcasters the opportunity to compete with those on satellite and cable;
- help a fair and effective market to develop;
- help UK manufacturers and producers compete at home and overseas; and
- make best use of the available spectrum.

3. For digital terrestrial television, it is likely that six frequency channels will be available initially, with potential coverage in the medium term ranging from 60–70 per cent to over 90 per cent of the UK population. Each frequency channel will be able to carry at least three television channels, and at times possibly many more. These will need to be ‘multiplexed’ into a single digital signal before transmission.

4. There will be seven radio frequency channels, each with capacity to offer at least six digital stereo programme services. One of these will be allocated to the BBC for its national services and another will be allocated for independent national radio. Four frequency channels have been reserved for local radio services. The use for the remaining channel is still under consideration.

5. The Government proposes that the Independent Television Commission (ITC) will be responsible for licensing and regulating digital terrestrial television, and the Radio Authority for digital terrestrial radio. They will organise competitions for multiplex providers, who will be assessed on the basis of:

- their proposals for infrastructure investment to provide digital services as widely as possible across the UK;

Summary

- their proposals for investment to promote the early take up of digital services; and
- the variety of television channels or radio stations they propose to provide.

The Government is considering and would welcome views on whether multiplex providers should make payments to the Exchequer during the initial licence period.

6. The ITC and the Radio Authority will licence multiplex providers, broadcasters and any providers of additional data services. Providers of conditional access systems for digital terrestrial pay-TV channels will require licences under the Telecommunications Act, which will be regulated by OFTEL.

7. Existing national television and radio broadcasters, including the Channel 3 and Channel 5 licence holders, will be offered a guaranteed place on a multiplex. The Government will require that the great majority of the programmes broadcast on their existing analogue channels should also be broadcast on their digital services. Should existing broadcasters wish to develop extensive new services they will be free to contract with multiplex providers for other channels on the same basis as other prospective broadcasters.

8. Ownership regulations for digital terrestrial television and radio will be broadly in line with those for analogue, as set out in the Government's policy document *Media Ownership: The Government's Proposals* (Cm 2872, May 1995). In recognition of the potentially larger number of television channels available, however, companies, including newspaper companies, Channel 3 and 5 licence holders and satellite and cable broadcasters, will be able to control any number of digital terrestrial television licences, in addition to any analogue licences, subject to a ceiling of 25 per cent of the available digital terrestrial capacity (excluding guaranteed places) and provided they remain within a limit of 15 per cent share of total television audience.

**SUMMARY OF RESPONSES TO
"DIGITAL TERRESTRIAL
BROADCASTING: THE
GOVERNMENT'S PROPOSALS"**
(CM 2946)



INTRODUCTION

1. The Government's policy document *Digital Terrestrial Broadcasting* (CM 2946) was published on 10 August for consultation with a deadline of 6 October. Over 100 responses were received from a wide range of players in the media and broadcasting industry and other interested parties. A list of those who responded is given at Annex A. Most of the responses were provided on a confidential basis and may contain commercially sensitive information. These responses are therefore exempt from public disclosure under Part II of the Code of Practice on Access to Government Information, paragraphs 13 and 14a. However, several organisations chose to publish their views. The Department has therefore agreed to provide a summary giving details of the views expressed in response to the consultation exercise, without attributing views in such a way that individual respondents could be identified.

2. In general, responses welcomed the purpose of the Government's proposals in addressing the rapid development of digital technology. Several, whilst acknowledging the need for a legislative framework, urged that this should not foreclose the further adaptation, exploitation and development of technology. A few noted that developments in cable and satellite digital broadcasting were already under way and proposed that digital terrestrial broadcasting should emphasise its strengths in providing reception on portable and local services. Some indicated concern that the proposals did not go far enough to provide for regional broadcasting.

TELEVISION

The Multiplex Provider

The role

3. There was some concern over the role of the multiplex provider described in the policy document. Some felt that it introduced an additional and unnecessary layer of management; it would have too much power; and in particular, that broadcasting would become the junior partner to the distributor. Some identified the need for clarification about the exact nature of the multiplex provider's contractual relationship with the broadcaster. One respondent cautioned that the introduction of the multiplex provider may significantly reduce the broadcasters' ability to control their own costs.

4. There was also support for the concept of the multiplex provider: some recognised that multiplex providers would facilitate cooperation between broadcasters on the same frequency; others identified the need for large players, including non-broadcasters to be involved, in order to compete with satellite and cable.

5. Several respondents suggested that the most efficient solution would be to establish a single multiplex provider, as a regulated monopoly. This would allow a coherent consumer proposition;

flexible use of bandwidth; increased prospects for shared conditional access infrastructure; and a workable basis for receiver subsidy. Others supported the establishment of two multiplex providers, which would allow competition whilst ensuring that a fair return on investment was received by the participants. Others suggested that a maximum of three should be permitted, but that the licensing process should allow a regulated monopoly to emerge. Many sought confirmation that broadcasters would be permitted to become multiplex providers, either individually or in consortia.

Choosing Multiplex Providers

6. In general, respondents supported the multiplex provider selection criteria laid out in the policy document. Some urged that details of the criteria should be set out more clearly. Several proposed that the variety criterion should only apply within the multiplex and not across the whole system. Others questioned whether one multiplex would be sufficient for a provider to assemble an attractive package and so emphasised the importance of being able to package multiplexes together. Some wanted to see applications evaluated on quality as well as variety criteria.

7. There was concern that the subsidy criterion would not work in a competitive environment and that multiplex providers/broadcasters would feel that their subsidies would help competitors, including satellite operators, if set-top boxes were common. There was also concern that licensees on additional frequencies which became available later would benefit unfairly from subsidies paid by licensees at the outset.

Licensing Multiplexes

8. Respondents generally supported the choice of the ITC as regulator.

9. Several respondents proposed that licences should be longer - 15 or even 20 years, or until switch-off - or supported the idea of rolling licences. There was some concern that licences should not attempt to tie down too tightly the mix of services to be provided and thereby reduce flexibility. Some respondents proposed that the licensing terms should permit the existing terrestrial broadcasters to offer pay-tv services on their digital frequencies.

Payments to the Exchequer

10. There was a consistent view from all sides that no payment to the Exchequer should be required for the initial licence period. Some argued that terrestrial multiplex providers should not make any payments to the Exchequer until similar burdens were placed on cable and satellite providers. Some respondents suggested that the Government should fund transmission and zero-rate digital receiving equipment for VAT during the start-up period.

Guaranteed Places

11. There was broad support for the proposal to offer incumbent broadcasters guaranteed places on multiplex to safeguard public service broadcasting. Suggestions on how this should be organised within the multiplex system varied, but the one with widest currency proposed that the BBC, ITV, C4/S4C/C5 be given dedicated multiplexes. There was considerable concern that the 6Mbits/s which it was proposed to allocate to C4/S4C would lead to reduced access to S4C or to its Welsh language programmes being unavailable in peak hours. There was much support for a guaranteed place for Teletext.

12. While some argued that existing broadcasters should not be allowed to run new services on the guaranteed space, others pointed out that new services were vital to the successful launch of digital terrestrial television and tapping new sources of funding was vital to the economics of investment.

Simulcasting

13. There was general support for the Government's proposal that existing broadcasters with guaranteed places on digital should simulcast at least 80% of the programme hours provided on digital. Several argued that it ought to be raised to 100%. A suggested compromise was that it should rise progressively from 80% as the digital audience rose relative to analogue.

14. Some responses supported the Government's proposal to end analogue transmissions only when digital take up equalled that of analogue but many respondents were keen for the Government to set a firm date, suggesting it was vital to release radio spectrum at the earliest date possible and noting that this would signal Government commitment to the success of digital broadcasting. Some respondents supported setting a date, but did not specify one, others made various suggestions between 12-15 years hence.

Technical Code

15. Responses were fairly evenly split between those who considered that picture quality should be left to individual broadcasters and the market in general, and those who considered that it should be maintained by a Code of Practice drawn up by the ITC. Many argued that since one of the advantages of digital terrestrial television was improved picture quality, the standard must exceed that 'normally acceptable to the viewer'. Several respondents urged that encouragement be given to providing widescreen and HDTV services.

Additional Services

16. Responses generally welcomed the opportunity to use 10% of any frequency channel for additional services. One respondent urged that there should be the flexibility to allow more than 10% outside peak viewing hours. Another proposed that some of the capacity for additional

services should be allocated to a second public Teletext provider, in order to create competition for Teletext.

Channel 35

17. Responses were divided on this issue: some believed that Channel 35 should be reserved for digital terrestrial broadcasting, others stated that the use of Channel 35 should be avoided and noted uncertainty as to which frequencies VCRs would be retuned to ahead of the launch of Channel 5. One respondent suggested that it should not be used for broadcasting generally but should be retained for a single frequency network with the possibility that such a network would carry a national data service which would not be appropriate for the regional networks.

Ownership

18. There were calls for a limit on the number of multiplexes to be run by a single provider - two or three multiplex licences per company were the most commonly suggested figures. Some argued against the 15% audience share limit, cautioning that it may act as a deterrent for investment in DTT. Several responses noted the potential for national newspaper publishers to be prohibited from participating in DTT under the ITC's proposed public interest discretion and suggested that uncertainty on this issue may be a deterrent to investment.

Conditional Access

19. There was general support for the Government's proposal to license the providers of conditional access and subscriber management, and some respondents suggested licensing these services across all modes of transmission. There was widespread support for a common interface which would allow a set-top box to use several different conditional access systems should they enter the market and not to limit it to one proprietary system; some respondents thought that these ought to be mandatory, others preferred that they remain optional. Many were in favour of a combined cable/satellite/terrestrial set-top box.

20. Several of those who responded believed that there should be only one conditional access provider who should be licensed and regulated. Others felt that it was important not to have a monopoly in the conditional access market. Electronic programmes guides were also identified by many as an area for licensing and regulation, noting that EPG providers would potentially be in a powerful position with regard to the broadcasters.



DNH 251/95

15 December 1995

VIRGINIA BOTTOMLEY ANNOUNCES
NEW PROPOSALS IN BROADCASTING BILL

National Heritage Secretary Virginia Bottomley today published the Broadcasting Bill, announcing changes to the proposals set out in the Media Ownership and Digital Terrestrial Broadcasting consultation papers.

The changes announced by the Secretary of State include:

Media ownership

- ★ the removal of the two licence limit on control of ITV licences, which would be replaced by a television ownership limit of 15 per cent share of the total television audience;
- ★ local newspapers with more than 20 per cent but less than 50 per cent of the local newspaper circulation would be able to acquire up to 50 per cent of the local radio ownership points in their area;
- ★ the inclusion of freesheet newspapers in calculating local newspaper circulation figures;
- ★ Independent Television Commission (ITC) to have powers to impose new licence conditions to protect regional programmes and production in the event of a merger or acquisition of an ITV licence;

Digital broadcasting

- ★ all existing terrestrial broadcasters, including Channel 5 (C5), would be offered half a multiplex (9 Mbits/second) -- they would be required to provide 100 per cent simulcast of analogue services but would then have the flexibility to develop extra channels, widescreen television services or pay-TV services;
- ★ the BBC would be awarded its own multiplex, with the widest geographic coverage, regulated under the Charter and Agreement rather than by the ITC;
- ★ Channel 3 (C3) would share the multiplex with the next widest coverage with Channel 4 (C4);
- ★ in Wales, the Welsh Broadcasting Authority (S4C) and C4 would each be offered a quarter of this multiplex (4.5 Mbits/second), offering Welsh viewers both a full C4 service and an enhanced S4C service;
- ★ C3, C4 and, in Wales, S4C would jointly control their multiplex;
- ★ in return for greater capacity, S4C would have to simulcast its peak hour Welsh language service but would not be required to broadcast C4 services at other times, so would be able to provide more programmes aimed specifically at the Welsh audience;
- ★ C5 would be offered half the multiplex with the third greatest geographic spread, the ITC ensuring that the chosen multiplex operator provided fair, reasonable and non-discriminatory terms;

- ★ guaranteed place for Teletext to simulcast its existing analogue services;
- ★ multiplex providers would be able to control up to three of the six available television multiplexes;
- ★ no cash bids for the multiplex licences, and no payment to the Exchequer for the first 12-year licence period;
- ★ multiplex licence could be 'rolled-over' at the end of the first licence period, subject to satisfactory performance and compliance with new conditions, eg payment to Exchequer of a percentage of qualifying revenue and completion of transmission 'roll-out';

"Switching-off" analogue

- ★ the Secretary of State would review the date for 'switching off' analogue frequencies once 50 per cent of UK households were able to receive digital terrestrial television, or after five years of the first multiplex licence period, whichever was the sooner;

C4 Funding

- ★ the Government to revise the funding arrangements from 1 January 1998, so that a greater proportion of revenue could be retained by C4 for investment in programming;

S4C Funding

- ★ existing formula, of fixed proportion of television advertising revenue, would be replaced from 1 January 1998 with index-linked funding, in line with the current arrangements for the BBC licence fee.

In addition to the Bill proposals published today, Virginia Bottomley also announced that the Government intends to bring forward proposals which would:

Independent National and Local Radio Licences

- ★ allow Classic FM, Virgin and Talk Radio to renew their analogue licences for a further eight years if they took up their guaranteed digital radio places;
- ★ give local stations investing in digital the opportunity to renew their analogue licences for a further eight years;

Gaelic broadcasting

- ★ extend the scope of the Gaelic Television Fund to cover training and other support costs for Gaelic radio, and to consider measures to improve the scheduling of Gaelic television programming in Scotland.

Press enquiries: 0171-211 6273/6272/6271

Public enquiries: 0171-211 6200

(Out of hours: 0181-840 7000

ask for pager 1577580)



DNH 252/95

15 December 1995

**VIRGINIA BOTTOMLEY "LIBERATES
BRITISH BROADCASTERS
TO BE WORLD LEADERS IN THE 21st CENTURY"**

National Heritage Secretary Virginia Bottomley today published the new Broadcasting Bill, declaring the Government's full support for the British broadcasting industry.

Virginia Bottomley said:

"A strong, diverse domestic broadcasting market which reflects the national and regional characteristics of the UK can only be achieved if our media companies can compete effectively in an increasingly international marketplace. The proposals I have set out today will help UK companies compete effectively, creating commercial and employment opportunities for the UK at home and abroad.

"We are building upon Britain's internationally-regarded traditions of public service broadcasting. British broadcasting is a national success story. After the United States we are the world's largest exporter of television programmes. The quality of British programmes is internationally recognised.

"The opportunities for Britain to build on that success in the 21st century are immense. New digital technology, and the increasing demands of consumers and commerce, are driving a massive expansion in the global broadcasting market. Our proposals will liberate British broadcasters to become world leaders."

Supporting the publication of the Bill, President of the Board of Trade Ian Lang said:

"The clear framework for introduction of digital terrestrial broadcasting and the reform of media ownership rules are of great significance for UK industry. They will stimulate investment, offering exciting new markets and technologies for our companies to develop. They provide the opportunity for our press and broadcasting sectors to adapt more flexibly than before to the new demands of rapidly changing markets and technologies, to the benefit of their customers in the UK and in world markets."

Commenting on the detailed proposals of the Bill, Virginia Bottomley said:

"We have listened carefully to the views of the industry and others on our initial proposals. We have improved our proposals as a result of the consultation. Where we have been convinced that changes were necessary, we have made them. The changes we have made protect consumer interests, but offer additional encouragement for the industry to develop new digital services. We will continue to listen to the industry, and where possible arm them with the means to exploit new opportunities."

Digital broadcasting

"Our digital proposals are rooted in a realistic appraisal of the economics of digital broadcasting. Building an audience, creating a national transmission system, investing in new programmes, marketing the new services and technology will each involve substantial sums of capital. Investments which may take many years to recover. There are no guarantees of success.

"It is not the Government which is forcing the pace of change. The broadcasting industry itself must make the commercial decisions. The Bill provides a framework to encourage and support the necessary risk investments, to ensure a fair market offering access to new entrants as well as established players, and to protect the interests of viewers and listeners.

"We have guaranteed a place in the digital future for our world-respected public service broadcasters. Broadcasters will be the key to the success of digital broadcasting, and the regulators will be required to make choice of services a key criterion in awarding licences to multiplex operators. To encourage the availability of affordable digital receivers, the regulators also will have to take into account the involvement of equipment manufacturers and retailers.

"We are committed to helping UK industry take a world lead. We have created the opportunity for new players to invest in the long term development of digital terrestrial broadcasting. And to maximise the funds available for investment, there will be no broadcasting levy for the first 12-year multiplex licence period.

"We will be the first major national market to go digital. The rest of the world is watching. We recognise that this is a golden opportunity for Britain. A chance to lead the world, to shape the market, to exploit our talents.

"Change is unsettling. Concern will be expressed. New commercial relationships will develop. The nature of broadcasting is changing. We cannot simply look back to a 'golden age'. We must look forward to a golden future. If we take the risks we will reap the rewards, and keep Britain one step ahead of the rest of the world."

Press enquiries: 0171-211 6273/6272/6271

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DIGITAL TERRESTRIAL BROADCASTING

Q & A



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CHANGES TO PROPOSALS FOLLOWING CONSULTATION

Television: Guaranteed Places

Why have you increased guarantees to existing broadcasters?

We want to ensure that existing broadcasters have every chance to take full advantage of the new technology, and so safeguard public service broadcasting. The increased guarantees will allow the broadcasters to provide widescreen television and new programme services alongside simulcasts of the existing channels. They will give digital terrestrial television a better chance to succeed - with all the benefits that brings for viewers and industry.

What is the guarantee now?

Each existing channel, and Channel 5, will get half a multiplex - equivalent to 9 Megabits a second. In Wales, Channel 4 and S4C will get quarter of a multiplex each - 4.5 megabits.

What does this mean for the BBC?

We will allocate the multiplex with the greatest geographical coverage directly to the BBC. They will be able to make their own arrangements for multiplexing, subject to the Secretary of State's approval. The Corporation could operate the multiplex itself, set up a company to do so or contract with a third party.

Is multiplexing the same as transmission?

No. Multiplexing is the process of combining several television channels for transmission. Part of the multiplex role is to arrange transmission, by contract or by direct provision.

Where does the privatisation of BBC transmission fit in?

When privatised, BBC Transmission would be able to act as the BBC's multiplexer, under contract; apply to provide other multiplexes; or provide transmission facilities for other multiplexes.

What will the BBC have to do to get approval for their multiplex?

They will have to meet targets for investment in infrastructure and promotion of digital television, just like any other multiplex. They will have to simulcast BBC1 and BBC2.

Will the BBC require a licence from the ITC?

Not to provide the multiplex or for their licence funded services. But they will require licences for any new commercial services they might decide to introduce.

What will the BBC show?

It is for them to decide, subject to approval, what they will show alongside their simulcast channels. I understand they have plans for widescreen broadcasts, a news channel and increased parliamentary and sport coverage. Digital will also allow them the flexibility to extend coverage of live events and react quickly to news stories as they happen.

How will the BBC fund new services?

That will be a matter for the BBC, subject to the Secretary of State's approval. Services could be licence fee funded, but it is also open to them to provide subscription services, or to enter partnerships as they have for BBC World and BBC Prime.

Does this mean subscription for BBC1 and 2?

No. BBC1 and BBC2 will be simulcast and free to air.

Why should licence payers support services available only to very few people?

The BBC should have the opportunity to develop its free to air services to the public using the new technology. It did so when BBC2 and colour television became possible, and is doing so with digital radio. Over time, more and more people will have access to them.

What are the arrangements for Channel 3, Channel 4 and S4C?

Channel 3 are being offered half of the multiplex with the second greatest coverage, which we expect will be more than 90% of the population. Channel 4 will have the other half of the multiplex. In Wales, S4C and Channel 4 will have a quarter of the multiplex each.

Who will be their multiplex provider?

C3, C4 and S4C will be responsible jointly for providing their multiplex, subject to licensing by the ITC. They might choose to set up a company or contract with a third party. The ITC will set targets for investment in infrastructure and promotion, which must be met to obtain the licence.

Will the ITC run a competition for the C3/C4/S4C multiplex?

No. The broadcasters will put forward proposals for the ITC's approval

What happens in Wales?

S4C will have direct control of one quarter of the multiplex - 4.5 Megabits - in Wales. Channel 4's allocation will therefore be reduced to a quarter of the multiplex in Wales only. This will still allow picture quality at least equal to, and probably better than, that currently available on analogue. For the first time, both S4C and the full Channel 4 service will be available to the majority of Welsh viewers

What about Channel 5?

Channel 5 are being offered half of the multiplex with the third greatest coverage - probably over 80% of the country, more than will be possible on analogue.

Who will provide Channel 5's multiplex?

The ITC will invite applications for the multiplex on which Channel 5 are to be placed. Applicants will need to meet the same criteria as for any other multiplex - variety of programming and investment in infrastructure and promotion. The ITC will ensure that Channel 5 are offered fair and reasonable terms by the chosen multiplex provider.

Why have you increased the simulcast requirement to 100%?

With the increased guarantees, broadcasters have much greater flexibility to offer new services alongside simulcasts. Requiring 100% simulcasts ensures the public service channels now available will continue to be shown on digital; will help bring about an early transition from analogue to digital; and will provide an assurance for those deciding to buy digital receivers.

Does S4C have to simulcast Channel 4 programmes?

No. Channel 4 will be available in Wales as a full service, so there is no reason for S4C to carry Channel 4 programmes. S4C will be required to simulcast their peak hour Welsh service. They will be free to fill the rest of the schedule with other programming in support of their remit. I understand they have plans for new and repeat Welsh language programmes, educational programmes and other material of particular interest to Welsh viewers.

Why have you let existing broadcasters introduce pay-TV on their guaranteed capacity?

Subscription and pay-per-view will be an increasingly important part of funding for terrestrial television. It would be unfair to prevent existing broadcasters from developing new services by denying them funding options.

Does this mean their existing channels will only be available on digital on subscription?

No. All simulcast channels will continue to be free to air.

But will there be any *new* free to air programming on the guaranteed multiplexes?

It will be for the broadcasters to decide. It may well be very attractive to them to provide programming funded from a mixture of advertising, sponsorship and subscription.

What happens if broadcasters don't take up their guarantees?

We don't expect this to happen. All broadcasters have expressed their enthusiasm for digital, and the changes made to the original proposals make the offer even more attractive.

However, if a broadcaster did refuse the offer, then those accepting would be offered places on multiplexes with greater coverage. For example, if the BBC refused, that multiplex would be offered to C3/C4/S4C. If C3 refused, their slot would be offered to C5.

Television: Teletext

Why have you changed your minds about Teletext?

The public service teletext licence was awarded on a competitive basis, and the holder must adhere to positive programme requirements, just like Channel 3. Teletext should therefore be offered an opportunity to duplicate the service on digital television, in line with the position for public service broadcasters.

What is being offered Teletext?

Channel 3, Channel 4 and S4C will be required to make capacity available to Teletext to provide their existing service on digital, with picture quality at least equal to that currently available.

Couldn't they improve the service?

Existing Teletext will require very little digital capacity - perhaps around 0.2 Megabits. The broadcasters and Teletext will be free to come to arrangements to increase capacity and provide an enhanced service if they wish.

What about Ceefax?

As the policy document said, the BBC will need to provide Ceefax from their own guaranteed capacity. Granting the BBC control of a multiplex will give them the opportunity to develop their Ceefax service as well as introduce other new services.

Television: S4C

Why haven't you offered S4C the same as Channel 4?

They will have the same capacity as Channel 4 in Wales. It will be allocated directly to S4C, so there will be no need for joint scheduling or capacity sharing.

But why can't S4C and Channel 4 both have 9 Megabits?

We want S4C and Channel 4 to be available as widely as possible in Wales, alongside Channel 3. This means they must both be on a multiplex providing over 90% UK coverage. 9 Megabits on a multiplex with less coverage would not meet the needs of the Welsh viewers. And it would deny them other new services available in the rest of the UK.

What will Welsh viewers get from the new proposals?

They will be able to receive the full Channel 4 service at the same time as the rest of the UK. S4C will be able to offer an enhanced service tailored to the needs of Wales. And more new services will come on stream on the other multiplexes.

Why can't S4C broadcast outside Wales?

The function of S4C is to provide a service within Wales. They can, of course, sell their programmes for screening outside Wales or abroad.

What about other national and regional interests, and other languages like Gaelic?

Channel 3 companies will simulcast their regional programming, and the extra capacity available to them will provide more opportunities for regional programming. This provides the opportunity to increase the amount of Gaelic programming available in peak slots in Scotland. Other multiplexes may also provide regional and local programming, which may be an important element in satisfying the ITC's variety criterion